## **Statement of Thomas Parks**

Let me open by enunciating that I have no interest in attacking individuals nor in negatively complicating the lives of anyone at the Pension Benefit Guaranty Corporation (PBGC). My sole motivation is to illuminate perceived indicators of past problems with and within the PBGC, so as to hopefully benefit what I suspect are probably thousands of retirees highly dependent upon the PBGC functioning more expediently.

That philosophy was enunciated in my letter to the PBGC of April 3, 1996, after which approximately four and a half years elapsed before my situation was finally resolved in August 2000. That "final determination", incidentally, came after approximately eight years after the PBGC was made aware of their need to become involved. In that April 1996 letter I stated:

"My experience suggests to me that problems of this nature reflect much greater problems "at the top". This does not necessarily mean at the supervisory level, it may be a funding issue or something comparable and equally difficult to resolve.

For that reason alone I am writing to you to ask that (1) my unanswered letters be answered and my "case" resolved with rational expediency and (2) that you allow me the benefit of your insight into the overall question before I take this matter up with others who I'm reasonably certain will act."

To that April 1996 I attached a April 3, 1996, fax to the PBGC in which I recited a litany of mistakes, some of which involved my receiving without explanation a substantial check drawn on a bank other than that which the PBGC had indicated would be transmitting funds and against a company pension plan unrelated to me in any way. Subsequently, I received another check duplicating the amount of the first check, drawn upon the correct PBGC bank. I returned these funds to the PBGC via a certified check.

Like other communications with the PBGC, these received no clarifying response. Instead, on April 8, 1996 I received a request for documents that duplicated documents first supplied November 27, 1995. Subsequently (May 30) I received a surprising telephone inquiry from the PBGC asking if I could illuminate the cause of errors that were obviously internal to PBGC and about which I was understandably uninformed. My May 30, 1996 response simply reiterated details previously supplied.

Following months of a frustrating absence of any closure on questions and issues put before the PBGC, in January 1997 I requested the assistance of Congressman Jim Leach. In my judgement, the initial response to the Congressman's office was evasive and of little assistance, except to confirm that some undefined action was in progress. Subsequently, in a letter dated February 3, 1997, a full five years after the applicable pension plan been terminated with the PBGC's involvement and one and a half years after my retirement and filing for benefits, the PBGC confirmed their appointment as Trustee (which had actually happened six months previously).

The PBGC then (February 1997) proceeded to send auditors to my former employer's office to audit materials readily available from Aetna from 1992 forward. Nothing further was heard from the PBGC until nearly eight months later, when the PBGC telephoned my employer's former Plan Administrator, asking questions previously answered many times and suggesting that the PBGC had "misplaced" applicable files and were "temporarily stymied".

Consequently, on November 12, 1997, I requested assistance from the Office of Senator Charles Grassley and provided that office with a detailed recap of pertinent communications with the PBGC

extending from September 1991 (six years). That communication and attachments are included herewith as a matter of record.

The PBGC on December 19, 1997, responded to Senator Grassley, stating among other things, that "our processing schedule calls for final benefits to be calculated by the end of 1998", which actually did not occur until August 2000. In this response the PBGC expressed concern over the "length of this process" and further stated that their Problems Resolution Officer had been asked to monitor my case "to ensure that it stays on track".

I regret having to add to this litany of problems the fact that the "final determination" letter ultimately received on August 14, 2000 was found to be incorrect ans was superceded by what I presume is the ultimate final determination letter dated August 18, 2000. In all fairness I must add that this error was found by the PBGC without input from me and that they acted quickly to make the necessary corrections.

This quick action appears to suggest that some internal improvements have taken place within the PBGC, but this appearance of improvement is so recent that I am hesitant to rely upon that impression.

The fact remains that eight long years were consumed in the process between when the PBGC first became involved and their final determination of my case (number 149030). During much of this time I was uncertain as to benefits due me and aware that upon "final determination" I might have a partial repayment obligation rather than an increase in the monthly interim payment being received. These interim payments began at \$1006 in May 1996 and were provisionally adjusted upwards to \$1257 in February 1998. In their "final determination" letter the PBGC advised that my final entitlement would be increased by \$0.83 to \$1257.83.

Your attention is drawn to Attachment 1 to my November 12, 1997 letter to Senator Charles Grassley. That attachment, dated June 4, 1992, authored by my former employer's Pension Plan Administrator, states that upon my retirement my benefit payment will be \$1257.88, only \$0.05 variance from the number determined by the PBGC to be applicable, after years of expended resources.

When one compares the years and resources consumed to arrive at such an insignificant change, it is difficult to make a positive comment, even given that I do have an appreciation for fiscal and accounting procedures which might justify such a modest adjustment. The 1992 estimate authored by my former employer's Plan Administrator was not mere speculation. It was predicated upon the facts that Aetna's actuaries had monitored and reported upon the applicable plan benefits for many years. Additionally, in compliance with Department of Labor requirements, the company's plan numbers and Aetnas had been audited and verified annually by auditors such as Price Waterhouse and Arthur Anderson.

The PBGC's refusal to work with this certified data and thus save years of expensive efforts, only to essentially arrive at an identical conclusion, appears to reflect that other situations possibly surfaced unsatisfactory detail. However, to consequently adopt an attitude that "one rule or experience fits all" is tunnel vision causing corporate and human misery best avoided by working with more commonly accepted business practices. My decades of experience working for and operating small businesses dictates a strong position opposing waste.

I have also held management positions in Fortune 500 companies and can attest that their ability and resources to deal with such problems are more in tune with these bureaucratic procedures, which have the potential of crushing small businesses. In most cases where one rule or procedure is assumed applicable to all businesses, small or large, the small company operates at a distinct disadvantage.

In summary, the delays and absence of communication over many years perpetuated uncertainties and prolonged determination of benefits to which I am entitled. I am fortunate that my financial survival was not at stake, but I suspect that many others suffering this treatment are greatly injured or, at best, highly insecure.

As I reflect upon this experience I am led to speculate that the root problem is or was a lack of adequate resources to cope with a crescendo of plan failures during the 1990's. If that is the case, the fault rests not with line personnel but, rather, with top management or funding sources, or both, for having failed to recognize the magnitude of the needs.